

Richard J. Wittbrodt, Esq., CSB # 138829

E-Mail: rwittbrodt@gglts.com

Lynsey M. Eaton, Esq. CSB # 261282

E-Mail: leaton@gglts.com

GIBBS, GIDEN, LOCHER, TURNER & SENET LLP

1880 Century Park East, 12th Floor

Los Angeles, California 90067-1621

Telephone: (310) 552-3400

Facsimile: (310) 552-0805
(1576.005)

Attorneys for Claimant, KX2 HOLDINGS BUILDING TECHNOLOGIES GROUP, LP dba
CLIMATEC BUILDING TECHNOLOGIES GROUP, an Arizona limited partnership

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

IN RE:

LEHMAN BROTHERS HOLDINGS, INC.,

Debtor.

Debtor's Address

745 Seventh Avenue

New York, NY 10019

Tax ID / EIN: 13-3216325

Case No.: 08-13555-jmp

CHAPTER 11

**NOTICE OF PERFECTION OF
BONDED STOP NOTICE RIGHTS**

TO THE DEBTOR, ITS ATTORNEY, THE TRUSTEE AND HIS ATTORNEY,
AND TO ANY AND ALL INTERESTED PARTIES:

1. WHEREAS, GENLB-RANCHO HOTEL, LLC fka GENLB RANCHO LLC, a
Delaware limited liability company ("GENLB") is the owner and reputed owner of the real
property identified below;

2. Whereas, KX2 HOLDINGS BUILDING TECHNOLOGIES GROUP, LP dba
CLIMATEC BUILDING TECHNOLOGIES GROUP, an Arizona limited partnership
("CLIMATEC"), claims a Bonded Stop Notice for labor and materials for the building
automation and special systems and related work furnished to WMI I, a California
corporation ("WMI"), for use and consumption in the work of improvement identified
below;

3. Whereas, CLIMATEC claims a Bonded Stop Notice for labor and materials for the building automation and special systems and related work furnished to CALIFORNIA COMFORT SYSTEMS USA, INC., a California corporation ("CCS") for use and consumption in the work of improvement identified below;

4. WHEREAS, LEHMAN BROTHERS HOLDINGS, LLC, a Delaware limited liability company ("Debtor") may have an interest in certain monies pursuant to a construction loan or other account for payment for labor and materials supplied to the real property which is the subject of the Debtor's estate described as follows:

68900 Frank Sinatra Drive

Rancho Mirage, California

Further, the property is described in the Bonded Stop Notices attached hereto as Exhibits "A" and "B" and incorporated herein in full by this reference.

5. Whereas this Court issued an Order for Relief herein under Title 11 of the United States Code staying all actions against Debtor;

6. Whereas, a Stop Notice claimant is required to perfect its Stop Notice Rights by commencing an action to enforce such Stop Notice within 90 days from the date of service of said Stop Notice, and said Perfection has been stayed by 11 U.S.C. § 362(a) with regard to any interest of Debtor and any funds in Debtor's possession pertaining to the work of improvement identified in Exhibits "A" and "B";

7. Whereas, CLIMATEC may Perfect its Stop Notice Rights against Debtor's interest in the works of improvement identified on Exhibit "A" and "B" by providing Notice of Intent to Perfect its Bonded Stop Notice Rights pursuant to 11 U.S.C. § 362(b)(3) and 11 U.S.C. § 546(b).

Now therefore, this Notice shall serve as a Notice of Intent to Perfect the Bonded Stop Notice Rights of CLIMATEC against Debtor's interest in any funds, construction loan or account pertaining to the work of improvement identified on Exhibits "A" and "B" attached hereto.

///

PLEASE TAKE NOTICE that CLIMATEC will record a Notice of Pendency of Action with the County Recorder of Los Angeles County immediately following the filing of this Notice of Perfection. Furthermore, CLIMATEC has filed a Complaint to enforce its Bonded Stop Notice against GENLB in the Superior Court of the State of California, County of Los Angeles, concurrently with the filing of this Notice.

DATED: May 6, 2009

GIBBS, GIDEN, LOCHER, TURNER & SENET LLP

By: 

Richard J. Wittbrodt
Lynsey M. Eaton

Attorneys for Claimant KX2 HOLDINGS BUILDING
TECHNOLOGIES GROUP, LP dba CLIMATEC
BUILDING TECHNOLOGIES GROUP, an Arizona
limited partnership

GIBBS, GIDEN, LOCHER, TURNER & SENET LLP

EXHIBIT "A"

STOP NOTICE**LEGAL NOTICE TO WITHHOLD CONSTRUCTION FUNDS**

(Public or Private Work)

(Per California Civil Code Section 3103)

To: Lehman Brothers Holdings, LLC
Tri Monte Real EstateProject: Ritz Carlton Rancho Mirage fka The
Lodge at Rancho Mirage

(NAME OF OWNER, PUBLIC BODY OR CONSTRUCTION FUND HOLDER)

3424 Peachtree Road NE, Suite 2200

68900 Frank Sinatra Drive

(ADDRESS IF DIRECTED TO A BANK OR SAVINGS AND LOAN ASSN., USE ADDRESS OF BRANCH HOLDING FUND)

(ADDRESS)

Atlanta, GA 30326

Rancho Mirage, CA 92270

(CITY, STATE AND ZIP)

(CITY, STATE AND ZIP)

TAKE NOTICE THAT Climatec Building Technologies Group
whose address is 10802 N. 23rd Avenue, Phoenix, AZ 85029has performed labor and furnished materials for a work of improvement described as follows: Ritz Carlton fka The Lodge at Rancho Mirage,
68900 Frank Sinatra Drive, Rancho Mirage, CA 92270

(NAME AND LOCATION OF THE PROJECT WHERE WORK OR MATERIALS WERE FURNISHED)

The materials furnished by claimant are of the following general kind: electrical supplies and related building materials

Building Automation and Special Systems

(KIND OF LABOR, SERVICES, EQUIPMENT, OR MATERIALS FURNISHED OR AGREED TO BE FURNISHED BY CLAIMANT)


The labor and materials were furnished to or for the following party:

California Comfort Systems USA, Inc.

(NAME OF THE PARTY WHO ORDERED THE WORK OR MATERIALS)

Total value of the whole amount of labor and materials agreed to be furnished is:	\$360,890.00
The value of the labor and materials furnished to date is:	\$141,290.00
Claimant has been paid the sum of:	\$127,161.00
And there is due, owing and unpaid the sum of:	\$14,129.00

You are required to set aside sufficient funds to satisfy this claim with interest, court costs and reasonable costs of litigation, as provided by law. You are also
notified that claimant claims an equitable lien against any construction funds for this project which are in your hands.

FIRM NAME: Climatec Building Technologies Group	By: 
(NAME OF STOP NOTICE CLAIMANT)	(OWNER OR AGENT OF STOP NOTICE CLAIMANT MUST SIGN HERE AND VERIFY BELOW)

VERIFICATION

I, the undersigned, say: I am the	Vice President	the claimant named in the
	("PRESIDENT OF," "MANAGER OF," "A PARTNER OF," "OWNER OF," "AGENT OF," ETC.)	

foregoing Stop Notice; I have read said Stop Notice and know the contents thereof; the same is true of my own knowledge.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on October 2 2008	at	Los Angeles, California
(DATE THIS DOCUMENT WAS SIGNED)		(NAME OF CITY AND STATE WHERE NOTICE SIGNED)
		(PERSONAL SIGNATURE OF THE INDIVIDUAL WHO IS SWEARING THAT THE CONTENTS OF STOP NOTICE ARE TRUE)

REQUEST FOR NOTICE OF ELECTION

(Private Works Only)

(Per California Civil Code Section 3159, 3161, or 3162)

If an election is made not to withhold funds pursuant to this stop notice by reason of a payment bond having been recorded in accordance with Sections 3235 or
3162, please send notice of such election and a copy of the bond within 30 days of such election in the enclosed preaddressed stamped envelope. This information
must be provided by you under California Civil Code Sections 3159, 3161, or 3162.Signed: 

(CLAIMANT MUST ENCLOSE SELF-ADDRESSED STAMPED ENVELOPE)

I.C.W. GROUP

☒ INSURANCE COMPANY OF THE WEST
☐ EXPLORER INSURANCE COMPANY
☐ INDEPENDENCE CASUALTY AND SURETY COMPANY

11455 El Camino Real, San Diego, CA 92130-2045
P.O. Box 85563, San Diego, CA 92186-5563 (858) 350-2400 - FAX (858) 350-2707

STOP NOTICE BOND PRIVATE WORK

BOND NO. 2279281

KNOW ALL MEN BY THESE PRESENTS:

That whereas, KX2 Holdings, LLC dba Climatec Building Technologies Group, (hereinafter called Principal) has given or is about to give to Lehman Brother Holdings, LLC & Tri Monte Real Estate (hereinafter called Construction Lender) a verified claim and stop notice as provided in Sections 3083 & 3158 - 3175 of the State of CA in the sum of \$ 14,129.00 in connection with labor and/or materials furnished by said Principal to California Comfort Systems USA, Inc.; and

WHEREAS, the said Construction Lender is holding funds from which to pay construction costs arising out of a construction or building loan.

NOW, THEREFORE, the undersigned Principal and Insurance Company of the West, a CA Corporation, licensed to do a general surety business in the State of CA, as Surety, in consideration of the premises 68900 Frank Sinatra Drive Rancho Mirage, CA 92270 do hereby undertake in the sum of \$ 17,661.25 and promise that if the Defendant recovers judgement in an action brought on such Verified Claim or on the lien filed by the principal, the Principal will pay all costs that may be awarded against the owner, original contractor or construction lender, or any of them, and all damages that such owner, original construction, or construction lender may sustain by reason of the equitable garnishment effected by the claim or by reason of the lien, not exceeding, however, the sum specified in this undertaking.

IN WITNESS WHEREOF, the said Principal(s) and Surety have caused these presents to be executed at, Scottsdale, this 16th day of October, 2008.

Insurance Company of the West

By: 

David Rybacki
Attorney-In-Fact

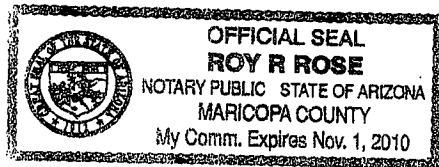
KX2 Holdings, LLC dba Climatec Building Technologies Group

By: 

STATE OF Arizona

COUNTY OF Maricopa

On this ____15th____ day of __October__ 2008 __, before me personally appeared _David Rybacki____, to me known, who, being by me duly sworn, did depose and say: that he resides at _Scottsdale, AZ____, that he is the Attorney-In-Fact of __Insurance Company of the West____, the corporation described in and which executed the annexed instrument; that he knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; that he signed the same name thereto by like order; and that the liabilities of said corporation do not exceed its assets as ascertained in the manner provided by law.



[Signature]
Notary Public

My commission expires 11/1/2010_

ICW GROUP

Power of Attorney

Insurance Company of the West

Explorer Insurance Company

Independence Casualty and Surety Company

KNOW ALL MEN BY THESE PRESENTS: That Insurance Company of the West, a Corporation duly organized under the laws of the State of California, Explorer Insurance Company, a Corporation duly organized under the laws of the State of California, and Independence Casualty and Surety Company, a Corporation duly organized under the laws of the State of Texas, (collectively referred to as the "Companies"), do hereby appoint

WILLIAM A. EATON, DAVID RYBACKI, GREGORY J. BUDIAC, ROY ROSE

their true and lawful Attorney(s)-in-Fact with authority to date, execute, sign, seal, and deliver on behalf of the Companies, fidelity and surety bonds, undertakings, and other similar contracts of suretyship, and any related documents.

In witness whereof, the Companies have caused these presents to be executed by its duly authorized officers this 2nd day of January, 2008.



Jeffrey D. Sweeney

Jeffrey D. Sweeney, Assistant Secretary

State of California

County of San Diego

} ss.

INSURANCE COMPANY OF THE WEST
EXPLORER INSURANCE COMPANY
INDEPENDENCE CASUALTY AND SURETY COMPANY

J. Douglas Browne

J. Douglas Browne, Senior Vice President

On January 2, 2008, before me, Mary Cobb, Notary Public, personally appeared J. Douglas Browne and Jeffrey D. Sweeney, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.



Mary Cobb

Mary Cobb, Notary Public

RESOLUTIONS

This Power of Attorney is granted and is signed, sealed and notarized with facsimile signatures and seals under authority of the following resolutions adopted by the respective Boards of Directors of each of the Companies:

"RESOLVED: That the President, an Executive or Senior Vice President of the Company, together with the Secretary or any Assistant Secretary, are hereby authorized to execute Powers of Attorney appointing the person(s) named as Attorney(s)-in-Fact to date, execute, sign, seal, and deliver on behalf of the Company, fidelity and surety bonds, undertakings, and other similar contracts of suretyship, and any related documents.

RESOLVED FURTHER: That the signatures of the officers making the appointment, and the signature of any officer certifying the validity and current status of the appointment, may be facsimile representations of those signatures; and the signature and seal of any notary, and the seal of the Company, may be facsimile representations of those signatures and seals, and such facsimile representations shall have the same force and effect as if manually affixed. The facsimile representations referred to herein may be affixed by stamping, printing, typing, or photocopying."

CERTIFICATE

I, the undersigned, Assistant Secretary of Insurance Company of the West, Explorer Insurance Company, and Independence Casualty and Surety Company, do hereby certify that the foregoing Power of Attorney is in full force and effect, and has not been revoked, and that the above resolutions were duly adopted by the respective Boards of Directors of the Companies, and are now in full force.

IN WITNESS WHEREOF, I have set my hand this 15th day of October, 2008.

Jeffrey D. Sweeney

Jeffrey D. Sweeney, Assistant Secretary

To verify the authenticity of this Power of Attorney you may call 1-800-877-1111 and ask for the Surety Division. Please refer to the Power of Attorney Number, the above named individual(s) and details of the bond to which the power is attached. For information or filing claims, please contact Surety Claims, ICW Group, 11455 El Camino Real, San Diego, CA 92130-2045 or call (858) 350-2400.

EXHIBIT "B"

STOP NOTICE
LEGAL NOTICE TO WITHHOLD CONSTRUCTION FUNDS
(Public or Private Work)
(Per California Civil Code Section 3103)

To: Lehman Brothers Holdings, LLC

Project: Ritz Carlton Spa Rancho Mirage fka The
Lodge at Rancho Mirage Spa

(NAME OF OWNER, PUBLIC BODY OR CONSTRUCTION FUND HOLDER)

399 Park Avenue

68900 Frank Sinatra Drive

(ADDRESS IF DIRECTED TO A BANK OR SAVINGS AND LOAN ASSN., USE ADDRESS OF BRANCH HOLDING FUND)

(ADDRESS)

New York, NY 10022

Rancho Mirage, CA 92270

(CITY, STATE AND ZIP)

(CITY, STATE AND ZIP)

TAKE NOTICE THAT Climatec Building Technologies Group
whose address is 10802 N. 23rd Avenue, Phoenix, AZ 85029

has performed labor and furnished materials for a work of improvement described as follows: Ritz Carlton Spa Rancho Mirage fka The
Lodge at Rancho Mirage Spa, 68900 Frank Sinatra Drive, Rancho Mirage, CA 92270

(NAME AND LOCATION OF THE PROJECT WHERE WORK OR MATERIALS WERE FURNISHED)

The materials furnished by claimant are of the following general kind: electrical supplies and related building materials
Building Automation and Special Systems

(KIND OF LABOR, SERVICES, EQUIPMENT, OR MATERIALS FURNISHED OR AGREED TO BE FURNISHED BY CLAIMANT)

The labor and materials were furnished to or for the following party:

WMI, Inc.

(NAME OF THE PARTY WHO ORDERED THE WORK OR MATERIALS)

Total value of the whole amount of labor and materials agreed to be furnished is:	\$135,100.00
The value of the labor and materials furnished to date is:	\$114,835.00
Claimant has been paid the sum of:	\$60,795.00
And there is due, owing and unpaid the sum of:	\$54,040.00

You are required to set aside sufficient funds to satisfy this claim with interest, court costs and reasonable costs of litigation, as provided by law. You are also notified that claimant claims an equitable lien against any construction funds for this project which are in your hands.

FIRM NAME: <u>Climatec Building Technologies Group</u>	By: <u>[Signature]</u>
(NAME OF STOP NOTICE CLAIMANT)	(OWNER OR AGENT OF STOP NOTICE CLAIMANT MUST SIGN HERE AND VERIFY BELOW)

VERIFICATION

I, the undersigned, say: I am the

Vice President

the claimant named in the

("PRESIDENT OF," "MANAGER OF," "A PARTNER OF," "OWNER OF," "AGENT OF," ETC.)

foregoing Stop Notice; I have read said Stop Notice and know the contents thereof; the same is true of my own knowledge.
I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on October 0 2008

at

Los Angeles, California

(DATE THIS DOCUMENT WAS SIGNED)

(NAME OF CITY AND STATE WHERE NOTICE SIGNED)

(PERSONAL SIGNATURE OF THE INDIVIDUAL WHO IS SWEARING THAT THE CONTENTS OF STOP NOTICE ARE TRUE)

REQUEST FOR NOTICE OF ELECTION

(Private Works Only)

(Per California Civil Code Section 3159, 3161, or 3162)

If an election is made not to withhold funds pursuant to this stop notice by reason of a payment bond having been recorded in accordance with Sections 3235 or 3162, please send notice of such election and a copy of the bond within 30 days of such election in the enclosed preaddressed stamped envelope. This information must be provided by you under California Civil Code Sections 3159, 3161, or 3162.

Signed: [Signature]

(CLAIMANT MUST ENCLOSE SELF-ADDRESSED STAMPED ENVELOPE)

I.C.W. GROUP

☒ **INSURANCE COMPANY OF THE WEST**

☐ **EXPLORER INSURANCE COMPANY**

☐ **INDEPENDENCE CASUALTY AND SURETY COMPANY**

11455 El Camino Real, San Diego, CA 92130-2045

P.O. Box 85563, San Diego, CA 92186-5563 (858) 350-2400 - FAX (858) 350-2707

STOP NOTICE BOND PRIVATE WORK

BOND NO. 2279279

KNOW ALL MEN BY THESE PRESENTS:

That whereas, KX2 Holdings, LLC dba Climatec Building Technologies Group, (hereinafter called Principal) has given or is about to give to Lehman Brothers Holdings, LLC & Tri Monte Real Estate (hereinafter called Construction Lender) a verified claim and stop notice as provided in Sections 3083 & 3158 - 3175 of the State of CA in the sum of \$ 54,040.00 in connection with labor and/or materials furnished by said Principal to WMI, Inc.; and

WHEREAS, the said Construction Lender is holding funds from which to pay construction costs arising out of a construction or building loan.

NOW, THEREFORE, the undersigned Principal and Insurance Company of the West, a CA Corporation, licensed to do a general surety business in the State of CA, as Surety, in consideration of the premises 68900 Frank Sinatra Drive Rancho Mirage, CA 92270 do hereby undertake in the sum of \$ 67,550.00 and promise that if the Defendant recovers judgement in an action brought on such Verified Claim or on the lien filed by the principal, the Principal will pay all costs that may be awarded against the owner, original contractor or construction lender, or any of them, and all damages that such owner, original construction, or construction lender may sustain by reason of the equitable garnishment effected by the claim or by reason of the lien, not exceeding, however, the sum specified in this undertaking.

IN WITNESS WHEREOF, the said Principal(s) and Surety have caused these presents to be executed at, Scottsdale, this 15th day of October, 2008.

Insurance Company of the West

By: 

David Rybacki
Attorney-In-Fact

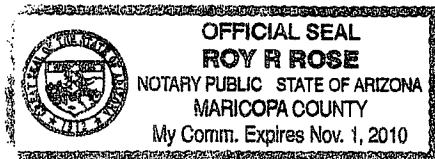
KX2 Holdings, LLC dba Climatec Building Technologies Group

By: 

STATE OF Arizona

COUNTY OF Maricopa

On this 16th day of October 2008, before me personally appeared David Rybacki, to me known, who, being by me duly sworn, did depose and say: that he resides at Scottsdale, AZ, that he is the Attorney-In-Fact of Insurance Company of the West, the corporation described in and which executed the annexed instrument; that he knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; that he signed the same name thereto by like order; and that the liabilities of said corporation do not exceed its assets as ascertained in the manner provided by law.



[Signature]
Notary Public

My commission expires 11/1/2010_

ICW GROUP

Power of Attorney

Insurance Company of the West

Explorer Insurance Company

Independence Casualty and Surety Company

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WILLIAM A. EATON, DAVID RYBACKI, GREGORY J. BUDIAC, ROY ROSE

their true and lawful Attorney(s)-in-Fact with authority to date, execute, sign, seal, and deliver on behalf of the Companies, fidelity and surety bonds, undertakings, and other similar contracts of suretyship, and any related documents.

In witness whereof, the Companies have caused these presents to be executed by its duly authorized officers this 2nd day of January, 2008.



Jeffrey D. Sweeney

Jeffrey D. Sweeney, Assistant Secretary

State of California

County of San Diego

} ss.

INSURANCE COMPANY OF THE WEST
EXPLORER INSURANCE COMPANY
INDEPENDENCE CASUALTY AND SURETY COMPANY

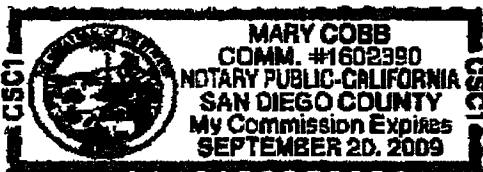
J. Douglas Browne

J. Douglas Browne, Senior Vice President

On January 2, 2008, before me, Mary Cobb, Notary Public, personally appeared J. Douglas Browne and Jeffrey D. Sweeney, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.



Mary Cobb

Mary Cobb, Notary Public

RESOLUTIONS

This Power of Attorney is granted and is signed, sealed and notarized with facsimile signatures and seals under authority of the following resolutions adopted by the respective Boards of Directors of each of the Companies:

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Jeffrey D. Sweeney

Jeffrey D. Sweeney, Assistant Secretary

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